



DEPARTMENT OF THE ARMY
HEADQUARTERS UNITED STATES ARMY FORCES COMMAND
1777 HARDEE AVENUE SW
FORT MCPHERSON GEORGIA 30330-1062

REPLY TO
ATTENTION OF

AFLG-PR

9 September 1999

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Contracting Information Letter (CIL) 99-41,
Government-Industry Partnering

1. Enclosed for your information is an article by Mark A. Sagan entitled, "Overarching Partnering Agreements" (OPA) that was published in the January-February 1999 edition of the Army RD&A (encl 1). Overarching Partnering Agreements expand the partnering concept to enhance communications with principal contractors. (NOTE: There is a link to the referenced "AMC Partnering for Success Guide" in CIL 99-01, FORSCOM Formal Partnering Program.)

2. The Assistant Secretary of the Navy (Research Development & Acquisition) created an Industry-Government Partnering Working Group in August 1997 to explore partnering opportunities within the Department of the Navy acquisition process. The working group developed an Industry-Government Partnering Research Guide that documents its findings and provides information and examples related to industry-government partnering. This guide provides a broad overview and the basic concepts for industry-government partnering, a business case for partnering, suggestions and recommendations for the implementation of partnering, and legal and contractual considerations. Appendix C provides tools for implementing the partnering process. The guide is available at <http://www.acq-ref.navy.mil> by clicking on "Whats New" and scrolling down to 20 May.

3. For FORSCOM installation partnering status, refer to the FORSCOM contracting homepage under Alternate Disputes Resolution (Goal Status). Updates should be provided this office whenever a new partnering arrangement is finalized. The use of the Status Report/Management Control Checklist is encouraged.

4. The latest formal partnering arrangement in FORSCOM focuses on the five Commercial Activities (CA) studies at Fort Hood. Slides from the joint presentation by the Fort Hood contracting

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officer, Mr. Ozzie Eichorn, and McAdams Technologies, Inc. at the Defense A-76 Symposium in Seattle, WA on 5-6 Aug 99 are at encl 2. Look for Fort Hood's unique charter on the FORSCOM homepage under "Sample Agreements".

5. Contact Pat Boterweg, DSN 367-6207 or commercial (404) 464-6207 for additional information regarding this CIL.



TONI M. GAINES
Chief, Contracting Division DCSLOG
Principal Assistant Responsible
for Contracting

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Introduction

Government and industry acquisition participants are increasingly subjected to a continually changing environment, including dramatic reductions in personnel and program funding, business reorganizations and consolidations, and the implementation of a multiplicity of acquisition reform initiatives, the overall objective of which is often summed up in the phrase "better, faster, cheaper."

Because of this changing environment, contracts must be awarded and administered correctly the first time. There are simply no extra dollars or additional time to be "thrown at" contractual problems the way we did in the not too distant past. The question is, "How do we change our culture from the traditional adversarial relationship that often exists throughout the acquisition community to a proactive, team-based environment that significantly enhances the effectiveness of communications between government and industry?" The answer is through the use of the partnering process.

To this end, the U.S. Army Communications-Electronics Command (CECOM), the Program Executive Office for Intelligence, Electronic Warfare and Sensors (PEO-IEW'S), and the Program Executive Office for Command, Control and Communications Systems (PEO-C3S), collectively known as Team Command, Control, Communications, Computers, Intelligence, Electronic Warfare and Sensors (C4IEW'S), expanded the scope of the partnering concept to enhance the effectiveness of communications with principal contractors and provide a forum for the exchange of ideas, discussion of problems, and formulation of better ways of conducting business.

What Is Partnering?

Before overarching partnering agreements (OPAs) can be discussed, the partnering process, which is at the core of OPAs, must be understood. Partnering is a mutual commitment between government and industry to work cooperatively as a team to identify and resolve problems, avoid disputes, and facilitate contract performance. It is an informal process that requires the parties to look beyond the strict bounds of the contract to formulate actions that promote their common goals and objectives. Partnering promotes the creation of a shared vision for success, synergy, and pride in performance. The partnering process is analogous to a three-legged race where the parties know that to successfully reach the finish line, they must cooperate and work as a team.

Partnering is not a new concept. It has been used successfully since the early 1980s in construction contracting by both the private sector and the U.S. Army

A Winning Business Strategy . . .

OVERARCHING PARTNERING AGREEMENTS

Mark A. Sagan

Corps of Engineers (USACE). The U.S. Army Materiel Command (AMC) expanded the use of the partnering concept into research and development, materiel acquisition, base operations, and engineering and support services contracting. Partnering is also an integral part of the AMC Alternative Dispute Resolution (ADR) Program, which focuses on the avoidance of contract disputes before they impact contract performance.

AMC's Partnering Guide

In April 1997, AMC published its *Partnering for Success Guide*, which is designed to promote government and industry communication and teamwork throughout the acquisition process. The guide explains the partnering process in detail, sets forth a four-step model partnering process, and includes an extensive appendix that contains a variety of samples, formats, and answers to commonly asked questions about partnering.

Benefits Of Partnering

The results of AMC, USACE, and private industry using the partnering process have been consistently impressive. Litigation has essentially been eliminated, and claims, cost overruns, and performance delays have been

significantly reduced. Furthermore, numerous participants in the process have found that their involvement in a partnered contract has significantly increased their morale, professionalism, and job satisfaction. These perceptions are directly attributable to the empowerment and ownership role in the process that is at the heart of the partnering concept.

Partnering significantly enhances the effectiveness of communications between government and industry and dramatically facilitates contract performance. Some of these benefits are as follows:

- Establishment of mutual goals and objectives in lieu of individual positions or agendas.
- Replacement of the "us vs. them" mentality of the past with a true "win-win" philosophy and partnership for the future where the parties recognize "we're in this together."
- Elimination of surprises that result in program delays, increased costs, claims, and litigation.
- Enabling the parties to proactively anticipate, avoid, and expeditiously resolve problems through the development of action plans that identify the problem and its cause.
- Resolving disputes through a clearly

defined conflict escalation procedure, a three-tiered process that includes the essential participants in the partnership. All of the participants know that they will have a fixed number of days to resolve any issue. If they fail to do so, the issue will be automatically escalated through the second and third organizational levels. This procedure avoids inaction and precludes the festering problems. Most importantly, however, experience has shown that almost all issues are successfully resolved at the lowest organizational level.

- Avoiding the expense, delay, and mistrust caused by formal litigation through the implementation of an ADR procedure.

- Reduced paperwork and the necessity for "documenting the file." The reduction in paperwork is facilitated by the "real time" simultaneous review of contractual documentation such as technical data package changes, engineering change proposals and contract data requirements list submissions.

- Improved employee morale and enhanced professionalism in the workforce through the empowerment of team members.

What Is An OPA?

When the partnering process is used in conjunction with an individual contract, one of the essential tools developed during the initial partnering workshop is the partnering agreement. This document, which sets forth the parties' mission statement, mutual goals and objectives, and commitment to the partnering relationship, is the focal point of their relationship and the blueprint for their future success.

The essence of the OPA is the recognition by the government and contractor participants that in an era of constantly diminishing personnel and financial resources, we can no longer afford to continue doing business in the traditional, adversarial ways of the past. Accordingly, in the first paragraph of the OPA, the parties commit to use the partnering process in each of their future contractual efforts. Most important, however, is the overriding objective established by the parties: providing America's warfighters with the most technologically advanced and highest quality supplies and services in a timely manner to promote the swift, safe, and successful accomplishment of their missions.

The majority of the OPA focuses on the commitment of the parties to execute individually designed and tailored partnering agreements in conjunction with each new contract award. The OPA also identifies the key partnering tools that must be developed to advance each of

these contract-specific partnering agreements: the mission statement, including the parties' mutual goals and objectives; the identification of all potential obstacles to the timely and effective completion of the contract; the establishment of a tiered conflict resolution process; and a commitment to use ADR procedures to the greatest extent possible to facilitate the timely resolution of disputes and eliminate the necessity for litigation.

The OPA also encourages the parties to examine their existing contracts to determine the feasibility and potential benefit of incorporating a partnering agreement during contract performance. Additionally, it clearly indicates that the OPA shall not be used as a vehicle for the dissemination or exchange of any competition-sensitive, source selection, or proprietary information, or for the premature or unilateral release of acquisition-related information prior to its publication to industry in general.

Lastly, the OPA provides the foundation for the parties to continue to discuss partnering-related issues and acquisition reform initiatives on a periodic basis.

OPA Successes

In November 1996, Team C4IEWS and Hughes Aircraft Co. executed the first OPA in the Department of Defense. Team C4IEWS has subsequently entered into additional OPAs with Lockheed Martin Corp.; ITT Defense and Electronics; GTE Government Systems Corp.; Litton Systems, Inc.; Raytheon Systems Co.; Electronic Data Systems Corp.; and Harris Corp. Several other OPAs are presently in process. OPAs are signed by a senior executive of the corporation, usually at the chief executive officer or president level, and by the Commanding General, CECOM, as well as the Program Executive Officers for PEO-IEWS and PEO-C3S.

Team C4IEWS' experiences using OPAs have been extraordinarily positive. Not only has this concept provided Team C4IEWS with the opportunity to educate its major contractors on how the partnering process works, it also has created a unique environment for Team C4IEWS and the company to explain to each other what makes them "tick." These sessions, as well as the follow-on meetings, also served as forums for discussions about implementing new acquisition-related concepts, government and industry perceptions, biases and motivations, and ideas for the improvement and streamlining of the procurement process. Most importantly, however, the level of trust and meaningful communication amongst the participants has dramatically increased.

Edward Bair, Deputy Program Executive Officer, PEO-IEWS, stated the following

about the use of the OPA process by Team C4IEWS:

"The Overarching Partnering framework we have employed MAKES A DIFFERENCE! It has facilitated breaking down communications barriers on both the government's and industry's sides and enabled us to better understand common areas of strategic goals, interests and initiatives, while still preserving separate business objectives. Overarching partnering has been an enabling approach to foster, and even expedite, the kinds of cultural change and relationships we need to sustain the revolution in business affairs to which we aspire. Simply put, Overarching Partnering has been a catalyst for leadership to effect change in our cultures and business practices. I fully endorse and am committed to Overarching Partnering, as much as we need IPTs [integrated product teams] at the PM's [program, project, and product manager] level, to effectively execute our strategies as well as strengthen our mutual understanding and trust of how best to meet the capabilities needed for our warfighters, today and into the future."

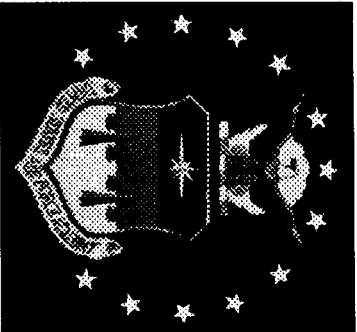
Conclusion

From Team C4IEWS' perspective, the establishment of a true partnership with industry through the use of OPAs is precisely the kind of nontraditional "outside the box" thinking that acquisition reform is all about. Adherence to this strategy is imperative for us to be able to successfully accomplish our most important mission—providing the American warfighter with the most technologically advanced and reliable equipment in a timely manner.

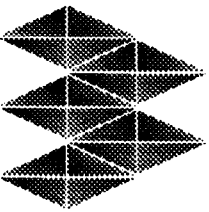
NOTE: Copies of the AMC *Partnering for Success Guide* may be obtained from Stephen Klatsky at (703) 617-2304. Questions about the partnering concept and OPAs should be directed to Mark Sagan at (732) 532-9786.

MARK A. SAGAN is the Deputy Chief Counsel for the U.S. Army Communications-Electronics Command. He has a B.A. degree from New York University and a Juris Doctorate from New York Law School. He is a member of the New York State bar.

PARTNERING FOR SUCCESS



U.S. Air Force Academy



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III Corps & Fort Hood

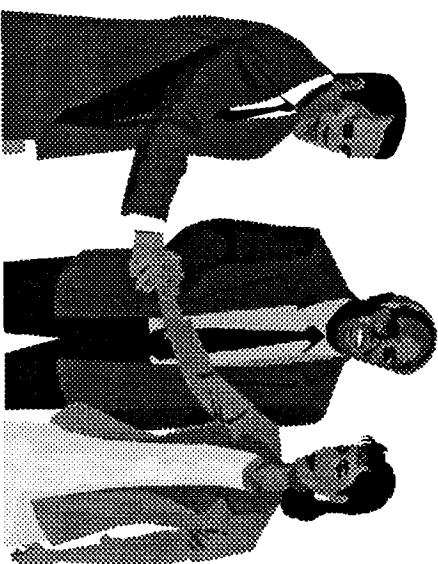
*Two Partnering Concepts for
Improving an A-76 Study*



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Government and Support Contractor Partnership



A Fort Hood, Texas Case Study



Concept of Partnering

- Partnering is a Project Specific Disputes Avoidance Process
- “Process” Because Philosophy is Not Enough
- Changing Government/Contractor Relationship Norms



Create a Government/Industry Team

- Improve Communications
- Encourage Team Building
- Establish Common Goals and Objectives
- Create a “We” Rather Than a “Us vs Them” Attitude



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Workshop (Initial & Follow-Up)

- Offsite
- Professional Facilitator
- Cost Sharing



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Understanding of Responsibilities

- Mutual Understanding of Contractual Obligations
- Define Deliverables with Schedule
- Utilize Each Others' Capabilities/Strengths



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Problem Resolution Process

- Documented Procedure
- Early Identification
- Solve at Lowest Level



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Achieve Mutual Success

- **Create a Positive Working Environment**
- **Create a Win-Win Situation**
- **Successful Project Completion (On Time, Within Budget)**



Partnering Agreement

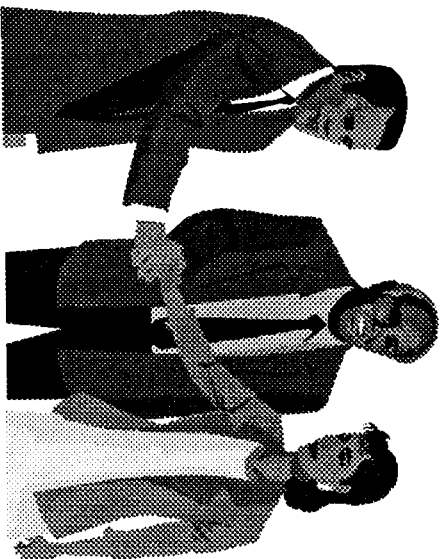
- Agreed and Signed by All Stakeholders
- Includes Ability to Monitor and Measure Relationship
- Reviewed Periodically



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Support Contractor Partnership (Industry Team)



An Air Force Academy Case Study




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Cadet Dining Facility A-76 Study

- Study a highly specialized activity
 - Seat 4000 cadets in 5 min
 - Serve and complete meal - 20 min
- AFA wanted to create a winning MEO in 3 months
- McAdams needed to enhance A-76 expertise with industrial engineering and food service specialists



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Form a GSA MOBIS Team!

- **Find top notch IE and food service partners**
- **IBES, Inc. - commercial and Govt industrial engineers**
- **Wm Caruso & Associates - large scale food service consultants**



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Industry Partners Team with AFA

- **AFA In-house PWS and MEO Team**
- **Industry Partners combine with AFA MEO Team**
- **One integrated MEO Team builds a competitive MEO**



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MEO Development by AFA + Industry

- Combined MEO Team conducts IE observations and analysis
- AFA Team develops “Blue MEO” with Dining Facility staff
- IBES and Caruso develop high risk industry bid
- McAdams provides bridge between AFA MEO Team and Industry Bid Team



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Teams Recombine to Build MEO

- Full GSA MOBIS Team and AFA Team
 - “Industry Bid” and “Blue MEO” set bounds
 - Team works together from here on
- Mission - Create “winning AND executable MEO”
- Continual push and pull - question of “risk”



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MEO Completed !

- Full team developed Management Plan products:
 - MEO
 - Technical Performance Plan
 - Transition Plans
 - Quality Control Plan
- **KEYs:**
 - Both A-76 and specialized industry expertise
 - A-76 Specialists work onsite guiding Govt MEO Team and providing bridge to functional experts
 - Govt and Industry work as partners on MEO Team